State Auditor's Report on Applying Agreed-Upon Procedures March 31, 2007

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### APPENDIX

CORRECTIVE ACTION PLAN

# State of South Carolina



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November 14, 2007

The Honorable Mark Sanford, Governor State of South Carolina Columbia, South Carolina

The Honorable Cecilia Atkins, Clerk of Court Town of West Union West Union, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of West Union Municipal Court System for the period April 1, 2006 through March 31, 2007, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

Richard H. Gilbert, Jr., CPA

**Deputy State Auditor** 

RHGjr/trb

MEMBERS
AMERICAN INSTITUTE OF CPAS
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Certified Public Accountants

Established 1.950

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Richard H. Gilbert, Jr., CPA Deputy State Auditor Office of the State Auditor Columbia. South Carolina

We have performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor solely to assist these users in evaluating the performance of the Town of West Union Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. Cecilia Atkins, Clerk for the Town of West Union, is responsible for compliance with the requirements for the Municipal Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### 1. TIMELY REPORTING BY THE CLERK OF COURT

- We researched South Carolina Code of Laws Section 14-25-85 to determine the definition of timely reporting with respect to the Clerk of Court's responsibility for reporting fines, fees and assessments to the Municipal Treasurer.
- We inquired of the South Carolina Judicial Department to determine their requirements for both the manner in which partial pay fines and fees are to be allocated and the timing of the report and remittance submissions by the Clerk and the Treasurer.
- We inquired of the Clerk of Court and Municipal Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the treasurer specifically documents timeliness.
- We inspected documentation, including the Clerk of Court Remittance Forms or equivalents for the months of April 1, 2006 to March 31, 2007 to determine if the Clerk of Court submitted the reports to the municipal treasurer in accordance with the law.

We found no exceptions as a result of the procedures.

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### 2. TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN

- We traced each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the Town's general ledger accounts for the assessments (Sections 14-1-208(A), (B) and (D)) and victim assistance surcharge (Section 14-1-211) for the period April 1, 2006 March 31, 2007.
- We compared the amounts reported on the Clerk of Court Remittance Forms or equivalents to the Clerk of Court's software system-generated report summaries for three judgmentally determined test months. We tested the system-generated reports for compliance with various laws including Section 35.11 of the General Appropriations Act for the fiscal year 2006 – 2007 and with South Carolina Judicial Department training instructions and interpretations.
- We judgmentally selected and compared individual fine and assessment amounts recorded in the Clerk of Court's software system-generated detail reports to the Judicial Department guidelines range for the offense code to see if the fine and assessment were within the minimum and maximum range.

Our finding is reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN" in the Accountants' Comments section of this report.

### 3. PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by Town council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-208(E)(4).
- We compared the fiscal year-ended June 30, 2006 audited Victim Assistance Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges of the audited financial statement to the beginning fund balance as adjusted in that fund for fiscal year 2007.
- We judgmentally selected a sample of Victim Assistance Fund reimbursable expenditures and verified that these expenditures were in compliance with Section 14-1-208(E) and Section 14-1-211(B).

We found no exceptions as a result of the procedures.

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### 4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER

- We vouched the amounts reported in the South Carolina State Treasurer's Revenue Remittance Forms to Clerk of Court Remittance Forms or equivalents for the period April 1, 2006 to March 31, 2007.
- We scanned the South Carolina State Treasurer's Revenue Remittance Forms for timely filing in accordance with Section 14-1-208(B).
- We traced amounts recorded in the Town's financial statement Schedule of Fines, Assessments and Surcharges of the year ended June 30, 2006 report related to fines and assessments revenues reporting in accordance with Section 14-1-208(E) to supporting schedules used in the audit to comply with Section 14-1-208(E).
- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms or South Carolina State Treasurer's Revenue Remittance Forms.

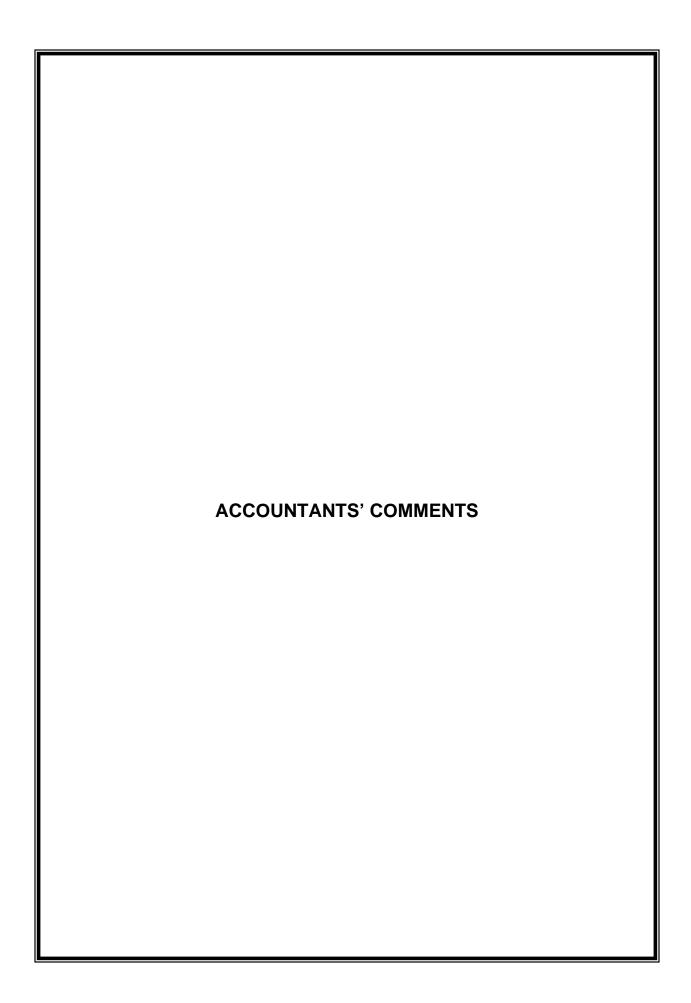
Our findings are reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER" in the Accountants' Comments section of this report.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended March 31, 2007 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the West Union Town Council, town clerk of court, town treasurer, State Treasurer, Chief Justice and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

September 21, 2007

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# **VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS**

Management of the entity is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations. The procedures agreed to by the entity require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

The conditions described in this section have been identified as violations of State Laws, Rules or Regulations.

State Auditor's Report, Continued March 31, 2007

#### TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN

### ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

**CONDITION:** The Municipal Court Judge was not adhering to the Judicial Department minimum/maximum fine guidelines included in the laws.

**CRITERIA:** Judicial Department Guidelines for Fines – Minimums and Maximums. These guidelines are obtained from the minimum and maximum fines recorded in the respective laws.

**CAUSE:** The Judge did not use the current Judicial Department's fine guidelines.

**EFFECT:** By not assessing the minimum/maximum fines as required in the legislation, the Town Judge is violating the law.

**AUDITORS' RECOMMENDATION:** We recommend the Town judge comply with the law and use the current fine guidelines when assessing fines.

### TIMELY ACCURATE REPORTING TO THE STATE TREASURER

### TIMELY FILING

**CONDITION:** Two of the State Treasurer's Remittance Reports for the procedures period April 30, 2006 through March 31, 2007 were not filed timely. These two reports, which reported a zero balance due to the State, were submitted 56 and 116 days late, respectively.

**CRITERIA:** South Carolina Code of Laws Sections 14-1-208 (A) states "...This assessment must be paid to the municipal clerk of court and deposited with the city treasurer for remittance to the State Treasurer...." Section 14-1-208(B) states further "The Town treasurer must remit ... on a monthly basis by the fifteenth day of each month...."

**CAUSE:** The County Treasurer, who files the reports for the Town, did not know to send a report to the State whenever the Town did not owe money to the State.

**EFFECT:** The Town did not comply with the timely filing requirement.

AUDITORS' RECOMMENDATION: The Town should comply with State law.

### REQUIRED SUPPLEMENTAL SCHEDULE OF FINES AND ASSESSMENTS

**CONDITION:** The Town's audited financial statement did not include the required supplemental schedule of fines and assessments.

**CRITERIA:** South Carolina Code of Laws Section 14-1-208(E) states "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected ... the annual independent external audit ... must include ...a supplementary schedule detailing all fines and assessments collected...."

**CAUSE:** The Town has a contract with Oconee County for the County to provide court services for the Town. The county collects all fine revenue, receipting it into their general fund and pays the town one half of the fines collected. The Town nor their auditor has ever considered including a schedule in the financial statements of the Town as a result of this arrangement.

State Auditor's Report, Continued March 31, 2007

**EFFECT:** The Town has not complied with the law.

**AUDITORS' RECOMMENDATION:** We recommend the Town prepare a schedule that meets the requirements of Section 14-1-208(E) (a) through (f) and have it audited annually in accordance with the requirement.

State Auditor's Report, Continued March 31, 2007

# CORRECTIVE ACTION PLAN

Management has elected not to respond.